



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 15, 2008

H.R. 4841

Soboba Band of Luiseno Indians Settlement Act

As ordered reported by the House Committee on Natural Resources on April 30, 2008

SUMMARY

H.R. 4841 would approve and ratify a water rights settlement agreement among the Soboba Band of Luiseno Indians and its members, the United States, and three water districts in Riverside County, California, provided that certain conditions are met. As part of the agreement, H.R. 4841 would create two funds—the San Jacinto Basin Restoration Fund and the Soboba Band of Luiseno Indians Water Development Fund. Under the bill, money in those funds could not be spent until the agreement is approved by all parties involved and other requirements have been met.

Based on information from the Department of the Interior (DOI), CBO estimates that implementing H.R. 4841 would cost \$21 million over the 2010-2011 period, assuming appropriation of the authorized amounts. Enacting the legislation would have no significant impact on direct spending and would not affect revenues.

H.R. 4841 would restrict the tribe's ability to use and lease water it receives as part of the settlement agreement, and that restriction would be an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the mandate would impose no new costs on the tribe, and therefore, the threshold established in UMRA (\$68 million in 2008, adjusted annually for inflation) would not be exceeded.

H.R. 4841 contains no private-sector mandate as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4841 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

| | By Fiscal Year, in Millions of Dollars | | | | |
|---|--|------|------|------|------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| CHANGES IN SPENDING SUBJECT TO APPROPRIATION^a | | | | | |
| Restoration Fund | | | | | |
| Authorization Level | 0 | 5 | 5 | 0 | 0 |
| Estimated Outlays | 0 | 5 | 5 | 0 | 0 |
| Development Fund | | | | | |
| Authorization Level | 0 | 6 | 6 | 0 | 0 |
| Estimated Outlays | 0 | 0 | 11 | 0 | 0 |
| Total Changes | | | | | |
| Estimated Authorization Level | 0 | 11 | 11 | 0 | 0 |
| Estimated Outlays | 0 | 5 | 16 | 0 | 0 |

a. Enacting H.R. 4841 also would increase direct spending by an insignificant amount in 2011, from interest on appropriation balances.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 4841 will be enacted near the end of 2008 and that the amounts authorized will be appropriated each year. In 2006, the Soboba Band and three water districts in Riverside County, California, signed a settlement agreement to resolve a water rights dispute. (The water districts include the Eastern Municipal Water District, the Lake Hemet Municipal Water District, and the Metropolitan Water District.) The United States would become party to the agreement upon enactment of H.R. 4841, provided that the settlement agreement is modified to be consistent with requirements specified by the bill and other conditions are met. Based on information from DOI, CBO assumes that, in 2010, the settlement agreement will be finalized and all parties will have executed their responsibilities under the settlement.

As part of the settlement agreement, H.R. 4841 would create two funds—the San Jacinto Basin Restoration Fund (Restoration Fund) and the Soboba Band of Luiseno Indians Water Development Fund (Development Fund)—to restore water to the tribe’s reservation and to ensure an adequate water supply to the San Jacinto basin area in Riverside County. Assuming appropriation of the authorized amounts, CBO estimates that implementing H.R. 4841 would cost \$21 million over the 2010-2011 period.

Restoration Fund

H.R. 4841 would authorize the appropriation of \$5 million a year over the 2010-2011 period for the Restoration Fund to cover a portion of the costs for the San Jacinto basin recharge project. Under the bill, the Eastern Municipal Water District would have the authority to spend monies provided in the Restoration Fund or seek reimbursement from the fund for the necessary construction activities, provided that certain conditions are met. Appropriated funds, however, could not be spent until the settlement is agreed to by all parties and certain conditions are met. Unless all conditions are met by March 1, 2012, any funds appropriated to implement H.R. 4841 would be returned to the Treasury.

According to DOI, some construction work has begun for the basin recharge project, and the Eastern Municipal Water District would likely seek reimbursement for its work soon after the settlement is finalized and funds are appropriated. Because all components of the settlement will likely be completed in 2010, CBO estimates that implementing the bill would result in spending of \$5 million in both 2010 and 2011.

Development Fund

H.R. 4841 would authorize the appropriation of \$5.5 million each year over the 2010-2011 period for the Development Fund to benefit the Soboba tribe. The Secretary of the Interior would be required to invest those amounts in Treasury obligations until those funds are expended. Funds would be used to restore, rehabilitate, and maintain water and sewage infrastructure and other related development projects. Similar to the Restoration Fund, amounts in this fund could not be spent by the tribe until the settlement is finalized and certain conditions are met. Unless all conditions of the settlement are met by March 1, 2012, any funds appropriated to implement H.R. 4841 would be returned to the Treasury.

Trust funds that are held and managed in a fiduciary capacity by the federal government on behalf of Indian tribes are treated in the budget as nonfederal funds. As a result, outlays would be recorded on the budget in the year that all funds are provided to the tribe and the settlement agreement is final. Therefore, CBO estimates that this provision would result in discretionary spending of \$11 million in 2011. Once the settlement is final, subsequent use of those funds by the tribe would have no further impact on the federal budget.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 4841 would restrict the tribe's ability to use and lease water it receives as part of the settlement agreement, and that restriction would be an intergovernmental mandate as defined in UMRA. Because the tribe has voluntarily agreed to that restriction in the settlement, CBO estimates that the mandate would impose no new costs on the tribe, and therefore, the threshold established in UMRA would not be exceeded.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 4841 contains no private-sector mandate as defined in UMRA.

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